

SUMMARY ANALYSIS OF AMENDED BILL

Author: Walters Analyst: Deborah Barrett Bill Number: AB 2786
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: May 26, 2006
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Domestic Service Wages And Withholding Reported On Employer's Tax Return

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED April 3, 2006, STILL APPLIES.

X

X OTHER – See comments below.

SUMMARY

This bill would allow an employer to withhold and report domestic service employment tax, as defined, on the employer's income tax return filed with the Franchise Tax Board (FTB).

SUMMARY OF AMENDMENTS

The May 26, 2006, amendments limit the reporting of employment taxes on the personal income tax return to those employers that pay no more than \$20,000 in wages per year. The department has developed an estimate of the Fiscal Impact of the provisions of this bill that is included in the discussion below, along with suggested amendments to provide for an appropriation to cover the department's costs. The remainder of the department's analysis of this bill as amended April 3, 2006, is still applicable.

POSITION

Pending

Board Position:

_____ S _____ NA _____ NP
 _____ SA _____ O _____ NAR
 _____ N _____ OUA _____ X PENDING

Legislative Director

Date

Brian Putler

6/15/06

Summary of Suggested Amendments

Amendment 1 is provided to suggest appropriation language to fund the department's costs.

FISCAL IMPACT

Implementing this bill would require changes to existing tax forms, require system and application reprogramming and testing, and require additional storage and processing costs for the department. The department estimates first year implementation costs of \$ 527,486 with ongoing operating costs of \$189,250 annually to administer the provisions of this bill. Amendment 1 is provided to suggest appropriation language to fund the department's costs.

LEGISLATIVE STAFF CONTACT

Deborah Barrett
Franchise Tax Board
(916) 845-4301
deborah.Barrett@ftb.ca.gov

Brian Putler
Franchise Tax Board
(916) 845-6333
brian.putler@ftb.ca.gov

Analyst	Deborah Barrett
Telephone #	845-4301
Attorney	Patrick Kusiak

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 2786
As Amended May 26, 2006

AMENDMENT 1

On page 20, after line 16, insert:

SEC. 15. The sum of five hundred twenty seven four hundred eighty six dollars (\$527,486) is hereby appropriated to the Franchise Tax Board in augmentation of its support budget (item of the Governor Budget- Chap __, Statutes of____).